



AZ HIPAA Medicaid Consortium

March 10, 2004

2:00 PM to 4:00 PM

AHCCCS 701 E. Jefferson St. – 3rd Floor - Gold Room

Meeting Hosted By: Lori Petre, AHCCCS

Attendees:

(Based on sign-in sheets)

ADHS/BHS

Thomas Browning

Lee Cisney

Jerri Gray

Brian Heise

CJ Major

AHCCCS

Deborah Burrell

Barbara Butler

Melonie Carnegie

Patti Goodwin

Chris Herrick

Dan Lippert

Dennis Koch

MaryKay McDaniel

John Nystedt

Brent Ratterree

Marna Richmond

Lydia Ruiz

Linda Stubblefield

Mike Upchurch

Nancy Upchurch

APIPA

Lucy Markov

Sean Stepp

Sharon Zamora

CHS

Marcia Goerdt

Anna Holland

Healthchoice AZ

Mike Uchrin

HCSD

Michael Wells

MCP & Schaller Anderson

Cathy Jackson-Smith

Walter Janzen

Anne Romer

Art Schenkman

Maricopa

Dave Abraham

PHP

JoAnn Ward

PHS

Mark Hart

UFC

Eric Nichols

Kathleen Oestreich

Kathryn Steiner

John Valentino

United Drugs

Rand Skelton

Yavapai County

Dave Soderberg

Welcome (Lori Petre)

We are going to switch a couple things around on the agenda. Sara Harper and Cia Fruitman are here to talk about the second and third item on the agenda. However, Sara was hoping that Brent would be here, and he is stuck in another meeting at this time.

I want to talk about a few housekeeping sort of things. You may have noticed that I changed the title on the agenda, and I wanted to explain what that is. I took reference to HIPAA out of it, because what we found is as we have been evolving this meeting over the last several months, we have been introducing more and more topics that are not directly HIPAA related. They are those technical type of issues that we have found that this forum is very good for sharing. We will continue to do so, and keeping that in mind, later on we are going to talk about future meetings and topics that we want to make sure are covered. Keep in mind that we are not saying this has to be just HIPAA focused; it needs to be what makes sense. Sometimes it is going to be HIPAA focused because we may have a lot of things going on with that. Other times there may be other initiatives that we may be asking you to react to or that we are going to start the ball rolling on, and we want to get your input and feedback on those. That is a change in the overall thinking of the meeting.

We wanted to let you know about some administrative personnel changes that we have made here at AHCCCS that impact this meeting. Nancy Mischung has resigned and is no longer with AHCCCS. Dan Lippert, who many of you have met over the last couple of months, who was the Recipient Project Manager, is now the Applications Manager.

Dan Lippert – We had a change recently, and I am now the Applications Manager. We took the existing Project Managers, and split out the workload that I had previously. If you have Recipient questions, contact Dennis Koch. I don't know how many of you work with the web applications now, but those questions would now go to Carol Waggner. These changes were just made on Monday, 3/8/04. We will update all of the contact information on the website soon.

Lori Petre – Dennis Koch still keeps the Mercator team so if you have translator problems or issues, he will still deal with those. Another change that came about last month is that Mike Upchurch is now in charge of our Claims and Encounters team.

Follow-Up Items (Lori Petre)

Since Brent isn't here yet, I am going to go ahead and skip to Agenda item #4 which are some of the follow-up items that in the last meeting we either told you we would give you some reminders or make sure that everyone understands what they should be doing with those. The first one has Dan's name, but Dennis' is going to do it.

Co-Pays (Dennis Koch)

On co-pays we are on schedule. We are going to go into UAT on Monday, 3/15/04; that is UAT internal so it does not involve the health plans at this point. However, starting tonight, you will not receive anymore test 834 or 820 files from the parallel process. They were scheduled to stop effective 3/1/04, and we are finally getting around to actually stopping them. We will be testing internally from 3/15/04 through 3/31/04. We will then start creating test 834s and 820s for the health plans starting 4/1/04 with the co-pays in the four amount fields of the daily file just like you get now on the monthly 834s. These are not parallel; this is just strictly test data. They are not coming out of the production environment or anything like that so they will be a lot smaller with different scenarios. We plan on promoting to production somewhere around 5/1/04, after the last April month end. The exact details are still being worked out. Refer to the Co-Pay handout that was provided at the 2/11/04 Consortium meeting.

Data Certification (Dennis Koch/Lori Petre)

Dennis Koch - We implemented Data Certification today in the 837 Encounters testing now. If you send in a test 837 Encounter file, you will need to send an email.

Lori Petre – There is a problem with the email. I sent everybody a note on Friday, 3/5/04, asking for who these Data Certification emails should come from and who they should go back to. I have only heard from three health plans. If I don't get that information, we will not have built the table so you sending in an email isn't going to cause us to pick it up. Right now, Dennis and I are the approvers for all of the health plans so we have not been stopping your files at this point; we have just been pushing them through.

Dennis Koch - If you can't get your file through, let us know, and we will check it. If you need what the format of the email looks like, let us know. You can also refer to the Data Certification handout that was provided at the 2/11/04 Consortium meeting.

Q: What is the email address?

A: It is bbatest@ahcccs.state.az.us.

Q: On the email certification, are we sending those in with just the test files?

A: Lori Petre - That is incorrect. The BBA is not related to HIPAA. It is required for all submissions. When it goes into production, and you are operating under a contingency and submitting the proprietary files, you will still need to do the email certification. If you know that you are going to be operating under a contingency when this goes into production, and you would like to test this with a proprietary file, let us know, as we would be more than happy to do that.

Lori Petre – Eric Stott asked me to mention that when the Data Certification email comes back to you, it may have some odd times on it. One of the things that we are finding in our testing is that the email that is coming to Eric in the testing we have been doing will say that it was sent at 3:00 a.m. in the morning. Eric is currently working on that; don't be alarmed if you get an odd time coming back on your email.

Originally we had talked about implementing this on 4/3/04. In our meeting yesterday, I questioned where we came up with that date. What we had talked about, Brent, myself, the lead in Applications, and Eric Stott who is our Mercator programmer, we would rather not implement this in the middle of a cycle. We would like to have you close out your April cycle, and this would go in the first day that you would start submitting for May. For your April cycle, keep doing your fax just like you are doing now, and anything submitted after the 10th will go to the email process. We did not want to implement it in the middle of the cycle because Brent would have to go back and manually send emails to Mercator for all the files that you had already sent in faxes for. You have a little more time before this process has to be in production. If you are testing 837s or in the future when you test 837s, we will be requiring this as of Monday, 3/15/04. If you want test Encounters as proprietary, let us know. We will test those for you just so you can make sure that on your side the mechanisms are going to flow. It is real important I get who can send these for test, and that is not to be confused with what Brent needs to setup the production table; it can be two very different groups for those purposes.

834/820 Contingencies (Lori Petre)

If you are still operating on a contingency, I am contacting you individually, and it is the goal to at least as many as feasible of those off by 5/1/04; we wanted to put a close ended date to that. Then when we talk about Encounter contingencies, we have got that same type of close-ended date time period in mind.

FFS Physicians Fee Schedule Update 4/1/04 (Sara Harper)

Hi, I am Sara Harper, Reimbursement & Reinsurance Manager of the Division of Health Care Management (DHCM). There are two rate update items that I wanted to talk to the technical IS people about, because they will require some system changes. The first one is on 4/1/04; we are updating the Physician Fee Schedule. Typical standard updates are not a big issue because it is just a by procedure code rate change. However, this 4/1/04, we are implementing a rate differential for facility versus non-facility provider types for physicians. So if a physician provides a service in their own clinic, they get \$50.00. If a physician provides that same service in a hospital, they get \$48.00. It is a little bit less cost to them, because the overhead cost is being incurred by the hospital rather than by the physicians in their own clinic. Most other payers have that system in place. AHCCCS has not; we have always just had one payment rate for specific services that Medicare has assigned as facility versus non-facility where that differential applies. Processing of claims is going to be a combination of things; provider, place of service, modifiers. Brent Ratterree and Cia Fruitman can give you a little more of the details on how the fee-for-service (FFS) system changes we are making as to give you an idea of what to look for your selves.

Brent Ratterree – Part of this sort of falls out because of the Local Code changes that we made. We can identify place of service and modifiers as well. I know some of you had changed your systems to sort of mirror ours in some respects, and others have brought in other processes in order to make payments based on the place of service. This will kind of follow through that place of service opportunity. We will be sending out a query to you asking what system changes you may need to do in order to process the hospital type facilities.

The information will be a download that is available on the FTP server, and a memo will go out to all CEO's of health plans and program contractors telling them what they are doing. The FTP server will provide you with the procedures codes, the rate for non-facility, the rate for facility, what providers and place of service applies to each. This is not just an application of a percent so for our FFS purposes, because there is a 92% differential between facility and non-facility, we can't just apply that across the board. Things are very greatly based by provider, by place of service, and by the service of the procedure itself. For this group, a questionnaire will go out, and we will follow-up through those avenues.

Q: Do you know when we can expect to see this on the FTP server?

A: Cia Fruitman – We are trying to get it out so that it goes at the end of March, because our rates are effective 4/1/04. We are in the process of getting them loaded now so it will pick up on the end of month cycle this time. We will also put them out on the web, but it won't be as complete as the information on the FTP server. We have a little more information on the FTP server than what we put on the web; on the web we are going to structure it a bit differently so that it is easier for non-technical people to look at. So your best bet would be to download it off the FTP server.

Q: This will be done around 3/30/04?

A: Brent Ratterree – We are going to want to run month end, and the files are made available the first of the month, so yes.

Q: Is this a facility/non-facility schedule and/or physicians fee schedule update?

A: Cia Fruitman - It is a facility/non-facility adjustment; two rates on the physician fee schedule. It consists of approximately 1800 procedure codes that are impacted by this. There will be two rates for each code, and then we are following the standard national place of service table definitions as to what a facility is.

Q: And then you will also have the 4/1/04 Physicians Fee Schedule update?

A: Cia Fruitman - Right, it is all part of the whole process. It is just the difference now is on somewhere between 1600 and 1800 codes, there will be more than one rate. There will be a place of service indicator. For example, the way we are putting it out on the system is that it will literally say code 11057, and there will be a default rate, which is the non-facility rate. Then there

will be a 11057-20 or 11057-21, and all of the places of services that will be facility, there will be a line four. When you download it, you will have the actual facility places of service and everything else is non-facility. So if there is no facility there, it is the non-facility rate.

Sara Harper - The place of service definitions that we are using, are from a memorandum that Medicare sent out in May of 2003, but it is the most recent update that they have. Do you have this or would you be interested in us emailing you this to you as well?

Action Item: Sara Harper

Email the place of service definitions to the health plans.

Q: What if you have a methodology in place that as a plan will not require you to do the fee schedule update?

A: Only if there is no contract in place for the provider; then you default to our rate. If you have a contract in place, then the contract still holds you. Where FFS usually impacts you greatest is where you have no contract, and you have to default to what AHCCCS does. And it depends on what your 'powers to be' decide, if they want to implement the same sort of thing we are, because there is a cost savings.

Q: Is there going to be any new edits to go along with them?

A: Cia Fruitman - We actually had it put in as part of our HIPAA conversion. When we got rid of the Local Codes, we had to start pricing not only by code and modifier, but also provider type and place of service. So as part of the HIPAA conversion that went active, we did put some edits in.

Brent Ratterree – For the physician's side, the edits have to be modified to validate the new information. Also, on the hospital side, which is further down the road, there will be additional edits to validate that information as well.

Q: And you will let us know when they are available?

A: Brent Ratterree – Yes, when we have them available, we will let you know.

Outpatient Hospital Payment Fee Schedule (Sara Harper)

The other item is the Outpatient Hospital Payment Fee Schedule that we are proposing to be effective 1/1/05. This was discussed at the last health plan CEO meeting, and most of the CEO's have showed interest in mirroring or doing something very similar to what AHCCCS does. Currently outpatient hospitals are paid based on the hospital submits charges, you determine what the cover charges are, and you multiply it by a cost of charge ratio; a very simple system. However, payments are not real predictable so we are proposing to go to a fee schedule, which will be similar to the physician fee schedule in where it is procedure code driven, there will be some bundling logic for emergency room and surgery services. There will be some possible grouping of like services that have similar fees and rates on the fee schedule because there is going to be come 6000 procedures with fees. It is estimated that for FFS approximately a little over 90% of the all business will be paid by a fee on the fee schedule, and then the residual 10% will be based on a default cost of charge ratio which is for those services that don't have a procedure code, don't have a fee the cost of charge is paid. This timing is 1/1/05, which is soon, we know, but for budget reasons we did not have a choice. The initial proposal was 10/1/04 so at least we had it pushed back to 1/1/05. One concern of the CEO's and their interest in mirroring and following what AHCCCS is doing, is that on the health plan side, it does not provide much budgetary predictability for you to look at what your budget is going to be for outpatient hospital, because as charges go up, you end up paying more. The question on that is on the technical side for health plans 1/1/05 implementation. We will be sending out later this week, and Lori and Brent are going to work at putting it together. Lori and Brent are going to work on putting together a survey query to what kind of assessment of the changes that need to be made by the health plans. If your CEO's want to do a January implementation, what changes will need to be made to respond to a system that is based on procedure codes by service versus a cost of charge times

charges payment methodology. We want to establish a workgroup that will be for technical assistance at AHCCCS for working with the plans to help. I assume that many of the people in this group as well as people that are in Brent's quarterly Encounter technical group will want to participate. We will be sending out a query as to who would like to be on that workgroup and how the meetings will be structured with technical assistance from AHCCCS on the implementation portion of that. Mike Upchurch is the AHCCCS Information Services individual responsible for the FFS system changes that are going to take place for this 1/5/05 change. I do not have any handouts today as we are just getting into defining the requirements and what not. We will be sending out a survey this week and asking some more questions. Brent, is there anything you would like to add?

Brent Ratterree – I think you have covered everything pretty well. The thing I would note is that if there are any modifiers that may be associated with the procedure codes and the revenue codes, which should be available as well. You will want to watch for those and also price for those.

Lori Petre – That survey will come out via the AHCCCS HIPAA Workgroup so that we can get the response out and track those. Just as soon as I get the questions that Sara and Brent want to ask you all, we will get that out. We are hoping, like Sara said, that will be done in the next couple of days or so. We did want to just introduce the topic to get you thinking about what kind of questions were going to be coming at you.

Action Item: Lori Petre
Email Outpatient Survey

Q: Will there be a testing phase for this?

A: Yes.

Lori Petre – One thing that we learned from HIPAA is that we need to engage our business partners in testing. One of the things that we want to keep doing with this meeting is keep you updated on what is coming up and identify if it will meet your testing objectives as well as ours. We will add this as kind of a follow-up item just like we currently do with some of our other topics just to keep you informed. Perhaps by the next meeting we will have some of the results back from the survey, and we can share those with everyone.

Other (Lori Petre)

Open Issues/Action Items

Melonie has provided me with a list of what we still show as opened. One of those is that we were going to confirm when the co-pay files would be available to you, and we are confirming the 3/31/04 date. I will send out an email earlier in that week just to say these are going to be out there for you to pick up and use them. If you have specific situations that you would like to see us create and have come across to you, do let us know that also. Otherwise, we are just going to go with getting some out there for each health plan. There is one action item open to Brent. There was a question about the TSN number on the ISA segment, which will be discussed by MaryKay. There is an open question on NCPDP, which we will talk a little bit about. There are two open BCP items that were previously assigned to Nancy Mischung, and they are now assigned to Dan Lippert. Dan has not had an opportunity to do much with BCP at this point in time. We will leave those items open for now.

We did get some questions that MaryKay will cover under Encounters.

Action Item: Lori Petre
Email regarding co-pay test files

Upcoming Meetings

We do apologize for how confusing the scheduling process for the Consortium meetings got to be. Mariaelena transferred to another division, and all of the meetings were under her schedule. She had a hard time canceling them so things got a little jumbled. As of right now, the only meetings that I have scheduled are this one and the next one on 4/1/04. The one on 4/1/04, unfortunately the room was not available on Wednesday at our regular time. On Thursday, 4/1/04, it was only available from 2:30 to 4:00; we not only had to adjust the day, we had to adjust the time. After that, the meetings that we had looked at scheduling, sticking with the three-week concept, will require some feed back from the health plans. Such as do the health plans feel that things have slowed down sufficiently that maybe we only want to meet monthly. I don't want to shorten or short-change the meetings. It may be that we only meet for an hour and a half if we don't have enough to occupy the full two hours; we can be flexible with that. I want to make sure that when we are bringing you here, that we are making good use of your time as I know that everyone is really busy. I don't know how everyone feels about that. The next meetings we have targeted for 4/21/04, 5/12/04, 6/6/04, and 6/30/4. We have not targeted anything beyond that.

Mercy Care – With us coming into the start of testing Encounters, and coming into the start of finalizing NCPDP, the three-week meeting schedule would be good at least through that period.

What I think that I will do for now is go ahead and schedule those four meetings which will take us through June, and then in May we will talk about what we want to do for July, August, and September. We have done the Transactions and Code Sets pretty well, and now we have MPI, and some of those other things that we need to start focusing on. Some of the things that Sara, Cia and Brent were sharing today are going to be future challenges for the group. I will schedule those additional four meetings and try to get them out to you this week. I will not be in the office next week. If you normally send me email, please send them to the AHCCCS HIPAA Workgroup email address as I will leave Melonie with instructions on what to do with those.

Action Item: Lori Petre
Schedule the additional four Consortium meetings.

Ideas for Future Meeting Topics

I also want you to start thinking about future meeting topics. One of the things that we are thinking about doing, hopefully for the 4/1/04 meeting, is MaryKay went to the X12 Conference in Seattle, and she got a really good presentation of MPI that we would like to start sharing with the group. If there are any topic areas that you want to make sure that we cover, please let us know. We may be soliciting a little more of your input on agenda items to make sure that we are using your time wisely.

Encounters 837/277U

Testing Status/Requirements (Lori Petre)

There were four items discussed in an email that I sent out on Friday, 3/5/04. There was a reminder that zipped files are not necessary. We talked about the new BBA Data Certification asking for the names of those individuals from each health plan who would be responsible for sending in those certifications for testing; not to be confused with the names that Brent will need for production. We wanted to encourage you in your testing to be sure to test the entire process, not just the submission of the 837. We are asking that you look at the pend corrections and the 277U that are coming back to you. We can test like crazy, but we do not have to use it. We don't know how well it integrates into your processes; we do need your input on whether or not it works. I also told Brent that I would remind you that we want you to test for replacements and voids. You can start with really small files, but we would like to see some files of some substance so that we can check timing, and we can get a lot of those things in place for you also. The 837 Encounters testing has started a bit more slowly than we anticipated; it was the same way for

Claims. We are still targeting implementing this for the April cycle, but we do not want to push that implementation if no one is going to be ready. Why rush and get the programs out there when we know that you all are still testing. We want to react to your issues, and frankly, once we put something in to production, our process is a little more complicated for getting issues resolved. We cannot just do a problem ticket; we have got to log it, make assignment of tasks, it becomes a little more complicated for us. One of the questions that I put in this email was who is targeting go-live and when. If one plan is ready, we will be there for you; we will have it there. But if no one is going to be ready, then it is not worth pushing that through. That was the fourth question that I asked in the email, and I really need to know that sooner rather than later.

Q: Can we open up discussions now, and see if we want to push it back or something?

A: We are open to whatever the health plans want to do, and that is why I wanted to introduce that now. That would mean that you would not have to do contingencies for another month, which is the other topic that we are going to talk about today; formalizing those contingencies. You and CRS are probably the closest, but I don't know how you are feeling.

CRS – How we are feeling is that we have not got enough successful testing done to say, yes, we are ready to go-live.

MaryKay McDaniel – I would strongly recommend that you come up with some complex encounters substance in those test files.

Brent Ratterree – Part of your test is to make sure that you try to have something that would qualify for reinsurance, transplants, etc. Try and take the most difficult encounter issues that you have or your encounter staff may have, and ship them to us so that we know how your system will react. And we will know how our system will react based on our system.

Health Plan – I am also concerned with NCPDP getting pushed back if we push back Encounter.

We are going to talk a little bit about that. We had hoped to be able to talk in a little more detail, but there needs to be a notification to the CEO's because they are now engaged in this conversation about NCPDP, and Brent will talk about that. From our internal staff perspective, it is a parallel effort. Mike is not using the same staff for pharmacy data.

At this point, my question is should we plan on doing this in two weeks or should we revisit this again on 4/1/04, and see if we are a little more comfortable with saying here is the new date; let's aim for that? That will save Mike and Dennis staff from rushing getting it all wrapped up and getting it in, and then it sits there.

The consensus is that Encounters implementation wait until it is right.

In your package there is a calendar for Encounter implementation; don't worry about that. When we talk about this on 4/1/04, we will decide what that date is going to be, and we will work up a new calendar.

Contingency Planning (Lori Petre)

Also in your package is a contingency form; do not worry about filling out your contingency form right now. Just to give you a feel for contingency, what Brent and I have talked about is that we will give you a close-ended date for when we want contingencies to cease by. We are going to be pretty generous with the window, make the reporting of when you are in the middle of contingency really simple, keeping it as simple as possible for both you and us. Don't worry about doing anything with the contingency form right now.

MaryKay is going to respond to some of the specific issues and questions that you have mentioned that you have. If anything does not make sense, if you have questions about it as you

are going through testing, shoot an email to the AHCCCS HIPAA Workgroup; we will get it to the right folks for a response.

Q: The 277U, is that the only file that we will get back from you?

A: You will continue to get the pend files that you get now. You will get the 277U plus a supplemental file. The supplemental file is an optional file; we can't tell you that you have to use it.

Q: What is the difference between the 277U and the supplemental file?

A: The supplemental keeps it in the format that you have been used to without replicating all the information.

Questions/Issues (MaryKay McDaniel)

NPI

The NPI (National Provider Identifier) final rule was published in the Federal Register, Friday, 1/23/2004.

Q: Once they have their NPI, they are no longer required to submit a secondary ID?

A: That appears to be a true statement.

AHCCCS has requested that CMS present their power point presentation at a future Consortium meeting. After the NPI presentation, if there are questions, we will have a CMS representative there to answer them.

Claims Attachments

Children's Preventative Health Services via HL7 special interest groups is just getting started. This is an opportunity for plans and AHCCCS to ensure all information is there. This EPSDT forms. If any one wants more information, let me know.

DME and Dental services are active. DME is being worked on; Dental is in review.

Q: When were you doing the presentations on the NPI.

A: We were going to try to do it at the next Consortium meeting, but CMS representatives were not available. We will try for the 4/21/04 meeting. I have heard it three times, and it is a good presentation.

837 Encounters

There was a question regarding the TSN in the ISA segment posed at the last Consortium meeting. There is no TSN in the ISA segment.

Q: Does AHCCCS have any limits as to the file size of the 837 Encounters?

A: AHCCCS does not care; the implementation guide itself suggests a recommended limit of 5000 encounters per ST/SE. AHCCCS rejects at the ST/SE level.

Q: Is there some concern about AHCCCS requirement for a unique interchange control number ISA13?

A: That is not an AHCCCS requirement; it is an X12 requirement. AHCCCS does require a unique ISA13. The reason the ISA13 must be unique is that any other combination of elements on the ISA segment do not result in a unique identifying ISA.

Q: Concerned about the patient account number in the CLM01 field; it is often not unique. The patient account number is really the provider's identifier for the patient or the visit. The current patient account number field is being populated with the health plan CRN.

A: We completely agree. The health plan CRN is in a reference segment in the 2320 Loop. AHCCCS is requesting the provider patient account number in CLM01.

Q: Is there a default value that can be used?

A: Brent Ratterree - We can discuss this after the meeting.

Action Item: Brent Ratterree

To discuss the default value that can be used, and to be shared with the rest of the group.

Lori Petre - We are working on a letter to send out to the CEOs regarding NCPDP. Those of you that are programming right now for 5.1, please stay after the meeting so that we can discuss this. We apologize for not having this information available for you. In the last CEO meeting it was conveyed that we would let the CEOs know first.

Q: Are you still on schedule to roll out some NCPDPs in June?

A: Yes.

Lori Petre – You have been provided with a list of primary and secondary contacts. Please review this list, and get me updates.

Meeting adjourned.